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*Traité théorique et pratique comprenant une étude du régime fiscal des sociétés commerciales.* Fourth edition, revised and enlarged. Two volumes. (Paris: A. Rousseau. 1912. Pp. 700. 25 fr.)

Accounting, Business Methods, Investments,  
and the Exchanges

*Accountancy Problems with Solutions.* By LEO GREENDLINGER.

Legal notes by CHARLES W. GERSTENBERG. (New York: Business Book Bureau. 1911. Pp. 445. \$5.00.)

This treatise is divided into four parts: Practical accounting problems; Theory of accounts, auditing and commercial law; C. P. A. examination papers without solutions to problems; and a Summary of the federal corporation tax law, with appendix.

Part I presents solutions of forty selected problems dealing with partnership, adjustments, making up trading and profit and loss accounts and balance sheets, executor and estate accounting, adjustments of fire insurance accounts, consolidating of corporations and partnerships, making analyses to interpret the conditions of a business, adjustments of brokers' accounts, realizations and liquidations, closing entries, real estate accounting, adjustment of bond accounts, mine accounts, branch house accounts and cost accounts. In the solution of problems the author, in my opinion, is not altogether satisfactory. For instance, in problem No. 3, which involves the adjustment of partners' accounts on dissolution of a firm when a loss had been sustained, the terms of the problem call for "the payment of a 5 per cent commission to two partners, to be paid from the amount due the other two." This condition is dismissed with the statement that "the 5 per cent commission should be eliminated from the partnership accounts; it is a private agreement to be adjusted by the partners inter se." As a matter of fact the problem demands that the partners' accounts should show the amount payable monthly to each one. If one were employed as an accountant to prepare these statements, and the trustee should make the payments to the partners on the basis of the solution presented, the trustee would find himself liable to partners A and B for over \$1200, which sum he could recover from C and D only by adopting the doubtful expedient of appealing to the law in case they refused to reimburse A and B. A better solution would be to charge the partners C and D and credit partners A and B at the close of each transaction whenever cash has been collected.

In problem 5, which relates to the apportionment of reserves and the distribution of capital and earnings, even if we accept the author's plan of making up the income and expenditure account, the problem as solved shows a deduction of \$150,000 from the gross income of a series of years to be set aside as a reserve when only three quarters of the property had been disposed of and which, according to the terms of the problem, required up to that date a reserve of only \$112,500.

The solution of the insurance problem as presented in the book is open to question. In the first place Mr. Greendlinger states that the "Illinois Fire Insurance Company" in the course of the year given has a net deficit of \$25,595.18. In face of this statement he then proceeds to show that the concern can pay a dividend of \$15,934.97, or 7.967 per cent on the capital stock! Even if this were not objected to, the author's method of determining earned and unearned premiums is decidedly faulty, although, to do him justice, in the "Comments" section of the text he gives the reader the usual plan of determining earned and unearned premiums. Why he does not use the generally accepted plan in the text as a basis of determining income is not clear. Neither is it clear why all of the "organization" expenses should be charged against the income for the first year and yet on the other hand no allowance whatever be made for depreciation on furniture and fixtures.

Space will not permit further comments on the details of the solutions presented. The reviewer feels, however, that the value of the book would have been much increased had the author taken more pains to group his problems logically. The problems in practical accounting which form Part I, and the questions in theory of accounts, auditing and commercial law which complete Part II, are not graded according to difficulties of the technique involved in solution, nor are problems involving similar principles grouped together.

To the experienced teacher, Part III is a valuable source of problem material for advanced class work, but it would be still more helpful if the questions were grouped together in a more natural order. The reviewer appreciates the fact that the papers are presented not so much for the teacher's benefit as to give a contrast and comparison of examination papers which can be used by future examiners. For this latter purpose, however, Part III is deficient in that with one exception there are no comments upon

the good and strong points of the questions submitted. This section of the book could have been made more helpful had the author included a brief criticism of each set of questions and then shown how the wording of the problems could be changed, or how different questions could be substituted to strengthen the papers.

Part IV gives a summary of the federal corporation tax law, to which is appended the full text of the law and copies of the forms to be filled out by different kinds of corporations in making returns to the government. In addition is given the opinion of the Supreme Court upon the constitutionality of the tax as rendered by Mr. Justice Day, March 13, 1911.

As a whole the book is an improvement on the author's first volume; and to the advanced student, the teacher, and the practitioner it will repay careful reading.

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*Timber Bonds.* By T. S. McGRATH. (Chicago: Craig-Wayne Company. 1911. Pp. 504.)

The student of investments will find little in this book with which he is not already familiar. It is rather a compilation of forms pertaining to timber bonds than a scientific analysis of these securities. The arrangement of the book is unsatisfactory and not well correlated. The discussions are clear and the reasoning sound, as shown for example in the brief comparison of serial and sinking fund bonds, but for the most part the text consists of general and very incomplete statements.

The forms of trust deeds and bond circulars are unquestionably the best in existence today and worthy of the careful study the author suggests, though one would think it the author's mission to interpret these for the reader. On the other hand, any one who is familiar with timber securities must recognize the difficulties the author has encountered with the very incomplete and unreliable data that exists on these securities and the consequent danger of attempting to establish any theories. To the lumberman and bond house handling timber securities, these forms will be of great value.

Chapters one to six (pp. 9-30) are general discussions on Timber Bonds, Floating Debts, Funded Debts, The Underwriter, Review of Business and Audit of Books. Chapter seven (pp. 31-45) is a quotation from a booklet issued by Clark L. Poole &